

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2000-0189-E - ORDER NO. 2000-0394
APRIL 26, 2000

IN RE: Application of Duke Power for Approval of) ORDER APPROVING
the Curtailable Service Pilot Program.) PILOT PROGRAM
)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request for approval by Duke Power (Duke or the Company) of the Curtailable Service Pilot program. According to Duke, this program provides a mechanism for it to offset high cost energy purchases by paying participating customers to curtail load, thereby reducing power costs for Duke Power, participating customers, and ultimately, for all customers.

Also, according to Duke, recent summers have seen extremely high prices for electricity in wholesale markets. To mitigate the risk that capacity problems will require the Company to purchase power at high prices in order to supply native load, Duke Power proposes the Curtailable Service Pilot program. This program offers a financial incentive to customers who are willing to curtail load. The pilot is available to nonresidential customers served on the Company's Schedules G, GA, I, OPT or HP who have a contract demand of at least 1000 kW and who have the necessary metering equipment in place.

Duke states that, upon approval of this pilot, each month Duke will evaluate the likelihood that the Company will experience capacity problems such that power

purchases will be necessary to provide for native load. If there is a reasonable expectation that a shortfall will be experienced, Duke states that it will notify participating customers and will provide the Capacity Price and the Energy Price at which Duke Power will pay for curtailed load for the coming month. Participating customers will be asked to contract for a curtailable load by specifying a Firm Contract Demand for that month. Customers who make a commitment to curtail service will receive a capacity payment (unless they fail to curtail load when called upon). If curtailment is actually requested during the month, the customer will also receive the energy credit for the amount curtailed.

Duke proposes to limit the number of curtailments to five calendar days per month, with up to two days for testing. A curtailment period is a minimum of four hours per day and a maximum of 10 hours per day, which may be extended only by mutual agreement.

The stated objective of the pilot program is to develop and test the Company's ability to administer a program that includes varying quantities of interrupted load, capacity prices and energy prices, and requires Company and customer interaction in a relatively short period. In addition, the pilot will provide an opportunity to evaluate customer acceptance and will enable the Company to evaluate the amount of load reduction that will be provided. Duke requests this Commission's approval of this pilot program as described in Rider CS and an Electric Service Agreement Amendment attached to the application.

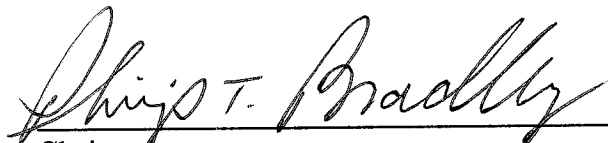
It appears to this Commission that the proposed pilot program is meritorious, and should be approved. The program certainly appears to encourage the offset of high cost

energy purchases. We believe that the pilot program will be useful in testing the ability of the Company to manage said program, and will be useful in a determination of the amount of load reduction provided.


The approval is effective as of the date of this Order. The Company shall file with this Commission ten (10) copies of Rider CS and the Electric Service Agreement Amendment within ten (10) days of receipt of this Order.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)